GOVERNMENT OF INDIA
COAL
LOK SABHA

STARRED QUESTION NO:106
ANSWERED ON:05.03.2008
SANKAR COMMITTEE REPORT ON COAL SECTOR REFORMS
Saradgi Shri Iqbal Ahmed

Will the Minister of COAL be pleased to state:

(a) whether the Sankar Committee on Coal sector reforms has submitted its report to the Government;

(b) if so, the details of the main recommendations/suggestions made therein;

(c) the recommendations/suggestions which have since been accepted by the Government; and

(d) the steps being taken to implement them?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in parts (a) to (d) of the reply to Lok Sabha Starred Question No. 106 for 5.3.2008

(a) to (d): Yes, Sir. The Expert Committee constituted by Ministry of Coal on Road Map for Coal Sector Reforms under the Chairmanship of Shri T.L. Sankar has submitted Part- I of the Report in December 2005 and Part- II in September 2007.

Action initiated by the government on some of the major recommendations is furnished below.

Sl. No.	Major Recommendations	Action Taken
1	Augmenting domestic coal production to bridge the gap between demand and supply with emphasis on captive coal mining.	Government has allotted a number of new captive coal blocks, besides taking up a number of new coal projects under coal PSUs to augment coal production to bridge the gap between demand and supply.
2	As coal shall remain India's primary source of commercial energy supply, a time-bound plan to cover the entire country by regional mapping in 15 years should be prepared by Geological Survey of India, Central Mine Planning and Design Institute and Ministry of Coal, Government of India.	An action Plan has been prepared to cover the balance coal bearing area of 5438 sq. km under regional exploration. It is envisaged to cover an area of 2791 sq. km during XI Plan and the balance there after. Exploratory drilling capacity of CMPDIL is being doubled.
3	Coal India Limited (CIL) may be granted the status of Navratna company and the subsidiaries of CIL may be granted the status of Mini Ratna companies in which case only those proposals of such a subsidiary would need government approval wherein the capital expenditure exceeds Rs. 500 crore.	Action already initiated for according Navaratna status to CIL and the proposal is under active consideration of government. Besides this, CIL and 5 of its subsidiary companies (South Eastern Coalfields Ltd.; Western Coalfields Ltd.; Mahanadi Coalfields Ltd.; Northern Coalfields Ltd.; and Central Coalfields Ltd. and Neyveli Lignite Corporation Ltd. have been accorded Miniratna Category-I status.
4	The environmental issue in respect of coal projects should be taken up on	The government has issued new Environment notification on 14.9.2006 as per which the

	priority consideration by the Government.	proposals of coal mining projects are being processed for environmental clearance.
5	Planned imports of coal need to be encouraged.	Imports are planned by Power Sector every year in advance keeping in view the requirement.
6	Increasing proportion of all domestic coal that is not earmarked for Power Sector be brought into the E-auction market over the next 2 to 3 years.	E-auction of coal has already been started.
7	The current system of linkages feeding the power sector may be replaced with formal long term Fuel Supply and Transport Agreements that include the Railways.	The new coal distribution policy of Government provides for long term fuel supply and transport agreements that include railways.
8	All possible legal measures should be evolved to cancel the licenses issued earlier if the allottee has not taken adequate steps to bring the allotted mines to production or in setting up the end use units.	On the basis of regular review of the progress of captive blocks, de-allocation of some coal blocks has been done. Regular monitoring is being done to review the progress periodically.
9	Coal price would need to be regulated in light of the market realities. The regulation of coal price has to be differentiating the pricing of coal for power generation since it consumes 80% of the domestic production and the quality of coal it consumes is not easily saleable to the steel and cement sectors.	The issue of coal pricing is being looked into by a Committee of Planning Commission to evolve guiding principles to fix coal prices. The Committee is yet to submit the report.
10	Promotion of underground mining	Action has been initiated by CIL to enhance the level of production from underground mines from around 44 million tonnes achieved in 2006-07 to about 67 million tonnes by 2011-12 mainly by adopting mechanisation of operations, introduction of continuous miner technology and longwall technology.
11	Improve production and productivity of men machinery with focus on technology up gradation	Action has been initiated to improve productivity of heavy earth moving machinery (HEMM) in opencast mines mainly by increasing the number of hours of operation and awarding maintenance and repair contracts, streamlining the replacement of old equipment, and deployment of large size equipment. In underground mines, improvement in productivity is being addressed through mechanized coal loading adopting side discharge loaders, load haul dumpers, conveyor belts etc. and introduction of continuous miner technology and longwall technology wherever it is feasible. Shortwall technology on experimental basis has also been introduced. Adoption of Highwall technology is also envisaged in some of the opencast mines.
12	Switch over to Gross Calorific Value (GCV) based pricing and grading of coal	In view of the resistance for switching over to GCV based grading of coal by major consumers, it is proposed to first narrow down the existing bands of Useful Heat Value (UHV) based grades of coal.
13	Promote coal washing	Government has already taken policy decision to encourage use

		of washed coal by permitting private entrepreneurs to set up washeries on coal company's land. Of late, CIL has also taken a decision to supply washed coal to power sector by setting up new washeries on Build Own Maintain (BOM) basis and funding will be made by CIL.
14	Promotion of cutting edge technologies like Underground Coal Gasification (UCG), Coal Bed Methane (CBM), Coal Mine Methane (CMM), Coal to Liquid (CTL) etc	Government has already permitted CBM operations on commercial lines and 26 blocks have been allotted to various entrepreneurs. Directorate General of Hydrocarbons (DGH) under Ministry of Petroleum & Natural Gas regulates the CBM operations. For CMM, coal companies are taking action to extract methane gas from the existing mines and a demonstration project in association with United Nations Development Programme (UNDP)/Global Environmental Fund (GEF) is under implementation in one of the mines of Bharat Coking Coal Ltd. (BCCL). Government has recently recognized UCG, CTL as one of the end uses under captive mining policy.

There are other recommendations that require wider consultations which are in progress.